

**THE OFFICE OF REGULATORY STAFF**

**TESTIMONY AND EXHIBITS**

**OF**

**ROBERT A. LAWYER**

**May 23, 2012**



**DOCKET NO. 2012-1-E**

**ANNUAL REVIEW OF BASE RATES FOR FUEL COSTS  
OF CAROLINA POWER & LIGHT COMPANY  
d/b/a PROGRESS ENERGY CAROLINAS, INC.**

**TESTIMONY AND EXHIBITS OF**

**ROBERT A. LAWYER**

**ON BEHALF OF**

**THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF**

**DOCKET NO. 2012-1-E**

**IN RE: ANNUAL REVIEW OF BASE RATES FOR FUEL COSTS OF**

**CAROLINA POWER & LIGHT COMPANY**

**d/b/a PROGRESS ENERGY CAROLINAS, INC.**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND  
OCCUPATION.**

**A.** My name is Robert A. Lawyer. My business address is 1401 Main Street,  
Suite 900, Columbia, South Carolina, 29201. I am employed by the South  
Carolina Office of Regulatory Staff ("ORS") as an Audit Senior.

**Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND  
EXPERIENCE.**

**A.** I received a Bachelor of Science Degree in Financial Management, with a  
concentration in Corporate Finance, from Clemson University in May 1994. Prior  
to joining ORS, I held a variety of positions in finance, accounting, auditing, and  
management. I began my employment as an auditor with ORS in April 2007 and  
have participated in various cases involving the regulation of electric and water  
utilities.

1    **Q.    WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
2    **PROCEEDING?**

3    **A.**            The purpose of my testimony is to present the results of ORS Audit Staff's  
4            examination of the books and records pertaining to Progress Energy Carolinas,  
5            Inc's. ("the Company" or "PEC") Fuel Adjustment Clause ("FAC") operation.  
6            The current review period consists of actual costs from March 2011 through  
7            February 2012 and the Company's estimated costs for the months of March  
8            through June 2012.

9    **Q.    WHAT WAS THE PURPOSE OF THIS EXAMINATION?**

10   **A.**            The purpose of this examination was to determine if the Company's  
11            accounting practices in computing and applying the monthly FAC have been in  
12            compliance with S.C. Code Ann. §58-27-865 (Supp. 2011).

13   **Q.    WHAT WAS THE SCOPE OF ORS'S EXAMINATION?**

14   **A.**            ORS Audit Staff examined and verified the monthly fuel adjustment factor  
15            calculations and the fuel recovery balances recorded in the Company's books and  
16            records. The current fuel examination covered the actual period of March 2011  
17            through February 2012 ("actual review period") and four (4) estimated months  
18            from March to June 2012. The Audit Staff's examination consisted of:

19            1. Analyzing the Fuel Stock Account

20            ORS's analysis of the Fuel Stock Account consisted of verifying receipts to,  
21            and issues from, the fuel management system to the general ledger, examining  
22            monthly fuel charges originating in fuel accounting, and ensuring that only

proper charges were entered in the Company's computation of fuel costs for purposes of adjusting base rates for fuel costs.

2. Sampling Receipts to the Fuel Stock Account

ORS's review of receipts to the Fuel Stock Account consisted of examining and testing selected transactions which support additions to the account. Each transaction examined was tested for mathematical accuracy and vouched to a corresponding waybill or truck bill, fuel stock detail report, supplier invoice, and freight invoice report. Each transaction was then verified by a corresponding fuel management system payment voucher to prove payment of the correct amount to the vendors.

3. Verifying Charges to Nuclear Fuel Expense

ORS verified the expense amounts of nuclear fuel to the books and records for the actual review period to confirm the accuracy of these expenses to fuel amortization schedules.

4. Verifying Purchased and Interchange Power Fuel Costs

ORS verified the Company's purchased and interchange power fuel costs, kilowatt-hour ("kWh") purchases, and sales for the actual review period to summary "Booking Run" reports, individual vendor purchase schedules, and on a sample basis, to monthly invoices. ORS recomputed the Company's sales and purchases for the actual review period.

The purchased and interchange power amounts for the actual review period and the resultant over (under)-recovery monthly deferred fuel amounts for the period reflect calculations which conform to S.C. Code Ann. §58-27-865

(Supp. 2011). This statute addresses fuel costs related to purchased power. Subsection (A)(2)(b) of this statute states that the total delivered cost of economy purchases, including (but not limited to) transmission charges, are included in purchased power costs, if those purchases are “less than the purchasing utility’s avoided variable costs for the generation of an equivalent quantity of electric power.” ORS applied this statute to the examined economic purchases along with the applicable avoided costs.

5. Verifying kWh Sales

ORS verified total system kWh sales, as filed in the monthly fuel factor computation, to monthly billed revenue reports for the actual review period. The monthly kWh sales figures were then used to determine the fuel cost per kWh sold and also the computation of the monthly S.C. retail allocation factors.

6. Recalculating the Monthly S.C. Allocation Factors and Verifying the Deferred Fuel Costs

ORS recalculated the S.C. allocation factors for the actual review period utilizing information obtained from the Company’s records and verified these total fuel costs to the Company’s books and records. In recalculating the monthly factors, ORS divided the S.C. kWh sales by the total system kWh sales. The monthly S.C. allocation factor was then multiplied by the monthly total fuel costs, which produces the S.C. retail basis of total fuel costs. The comparison was then made, in dollars, between the actual monthly fuel costs on a S.C. retail basis and the revenue billed to S.C. customers. The difference

1 in the comparison was the monthly deferred fuel entry. The actual deferred  
2 fuel costs for each month were then verified to the Company's books and  
3 records.

4 7. Recalculating the True-up for the Over (Under)-Recovered Fuel Costs

5 ORS analyzed and recomputed the cumulative over (under)-recovery of actual  
6 base fuel costs for the period March 2011 through February 2012 and the  
7 estimated over (under)-recovery through June 2012. In addition, ORS  
8 recomputed the cumulative over (under)-recovery of actual environmental fuel  
9 costs for the period March 2011 through February 2012 and estimated over  
10 (under)-recovery through June 2012.

11 **Q. PLEASE EXPLAIN THE AUDIT EXHIBITS ATTACHED TO YOUR**  
12 **TESTIMONY.**

13 **A.** ORS prepared audit exhibits from the Company's books and records,  
14 reflecting fuel costs during the actual review period. Specifically, these exhibits  
15 include the following:

16 **AUDIT EXHIBIT RAL-1: COAL COST STATISTICS**

17 This audit exhibit details spot and contract coal received, separately and  
18 combined, for the actual review period. The comparison is made in the following  
19 five (5) areas:

- 20 (1) Tons Received  
21 (2) Percentage of Total Tons Received  
22 (3) Cost Per Tons Received  
23 (4) Total Received Cost

(5) Cost Per thousand British thermal units ("MBTU")

ORS then took the combined total received cost for the twelve (12) months and divided this by the combined total tons for the twelve (12) months to arrive at a weighted average cost per ton of \$90.77 for the actual review period.

**AUDIT EXHIBIT RAL-2: RECEIVED COAL – COST PER TON (PER PLANT)**

This audit exhibit details the received cost per ton for coal at each plant during the actual review period, in dollars per ton, including freight costs.

**AUDIT EXHIBIT RAL-3: RECEIVED COAL - COST PER TON COMPARISON**

This audit exhibit details the received cost per ton for coal for each month of the actual review period for PEC, Duke Energy Carolinas, and South Carolina Electric & Gas Company. For comparison purposes, ORS has shown the invoice cost per ton, freight cost per ton, total cost per ton, and the cost per MBTU.

**AUDIT EXHIBIT RAL-4: TOTAL BURNED COST (FOSSIL AND NUCLEAR)**

This audit exhibit details the per book cost of fuel burned for electric generation during the actual review period. The burned cost of each class of fuel is shown separately. These costs are used in the computations of the base fuel cost component. Emission allowance expenses and other variable environmental costs, as described in §58-27-865 (A)(1), are shown separately on Audit Exhibit RAL-6.

**AUDIT EXHIBIT RAL-5: SOUTH CAROLINA FUEL COST  
COMPUTATION**

This audit exhibit details the actual fuel cost computations for March 2011 through February 2012 as well as PEC's estimates of fuel costs for March through June 2012. The exhibit also shows the computation of the cumulative over (under)-recovery balances and various adjustments for March 2011 through June 2012.

**AUDIT EXHIBIT RAL-6: TOTAL ENVIRONMENTAL COSTS**

This audit exhibit details the total environmental costs for the actual review period for sulfur dioxide (SO<sub>2</sub>) and nitrogen oxide (NO<sub>x</sub>) emission allowances, ammonia/urea and limestone.

**AUDIT EXHIBIT RAL-7: DETAILS OF ENVIRONMENTAL COSTS**

This audit exhibit details the actual environmental cost computations for March 2011 through February 2012 for SO<sub>2</sub> and NO<sub>x</sub> emission allowances, ammonia/urea, limestone, and PEC's estimates of variable environmental costs for March through June 2012. The exhibit also shows the computation of the cumulative over (under)-recovery balances and various adjustments for March 2011 through June 2012.

**Q. WOULD YOU PLEASE EXPLAIN THE CUMULATIVE OVER (UNDER)-  
RECOVERY AMOUNT BROUGHT FORWARD IN AUDIT EXHIBIT  
RAL-5?**

**A.** Yes. As detailed in Audit Exhibit RAL-5, ORS brought forward a cumulative (under)-recovery balance from February 2011 of (\$10,418,111). The



Company's testimony does not actually show a balance brought forward. However, it does reflect a cumulative (under)-recovery balance of (\$12,180,005) through March 2011 in Barkley Exhibit No. 5. This balance includes the aforementioned ORS balance brought forward from February 2011 but does not reflect an ORS over-recovery adjustment of \$1,749,966. The Company recorded this adjustment in June 2011.

**Q. PLEASE ELABORATE ON ORS AUDIT STAFF'S COMPUTATION OF THE TRUE-UP OF OVER (UNDER)-RECOVERED FUEL COSTS.**

**A.** ORS Audit Exhibit RAL-5 provides details of ORS's calculation of the actual cumulative over-recovery balance through February 2012, and the estimated balance through June 2012. The cumulative over-recovery amount as of February 2012 totaled \$5,559,522. ORS then added an estimated (under)-recovery of (\$462,347) for March 2012, over-recoveries of \$1,252,591 for April 2012, \$344,314 for May 2012, \$337,518 for June 2012, and an ORS (under)-recovery adjustment of (\$4,152) to arrive at a cumulative over-recovery of \$7,027,446 through June 2012. The Company's testimony (Barkley Exhibit No. 5) in this docket reports the cumulative over-recovery total through February 2012 as \$4,329,004 and through June 2012 (Barkley Exhibit No. 7), the cumulative over-recovery totals \$5,796,927. The difference between ORS's and the Company's February balance is due to an ORS over-recovery adjustment of \$1,230,519 in February 2012. This adjustment and the ORS (under)-recovery adjustment of (\$4,152) in June 2012 are addressed later in my testimony as Adjustments (3) and (4).

1 **Q. DID THE COMPANY MAKE ANY ADJUSTMENTS OR TRUE-UPS**  
2 **DURING THE ACTUAL REVIEW PERIOD FOR THE BASE FUEL**  
3 **COMPONENT?**

4 **A.** Yes. The Company made the following adjustments as shown on Audit  
5 Exhibit RAL-5:

6 **Adjustment (1)** - In September 2011, the Company made an over-recovery  
7 adjustment of \$10,000,000 to the Deferred Fuel Account (Account #182.3220).  
8 This adjustment was provided by the ORS Electric Department.

9 **Adjustment (2)** – During the actual review period it was determined that the cost  
10 of certain power purchases exceeded the “utility’s avoided variable costs for the  
11 generation of an equivalent quantity of power.” Accordingly, the Company made  
12 an adjustment to the Deferred Fuel Account balance that recognizes the exclusion  
13 of those types of costs from purchased power transactions. The effect of the  
14 system avoided costs reduction adjustments of \$18,232, on a S.C. retail  
15 jurisdictional basis, resulted in an over-recovery adjustment of \$2,137 to the  
16 Deferred Fuel Account’s cumulative balance in February 2012. ORS examined  
17 and recomputed the adjustment with no exceptions noted.

18 **Q. DID ORS MAKE ANY ADJUSTMENTS OR TRUE-UPS DURING THE**  
19 **ACTUAL REVIEW PERIOD AND/OR THE ESTIMATED PERIOD FOR**  
20 **THE BASE FUEL COMPONENT?**

21 **A.** Yes. ORS made the following adjustments:  
22 **Adjustment (3)** - In February 2012, ORS made an over-recovery adjustment of  
23 \$1,230,519 to recognize additional costs for replacement power due to a forced

1 outage of the Brunswick Nuclear Plant. This adjustment was provided by the ORS  
2 Electric Department.

3 **Adjustment (4)-** In the estimated months of May and June 2012, PEC used a two  
4 month average S.C. allocation factor of .12004 to determine their deferred fuel  
5 entries for these months. ORS recalculated the monthly S.C allocation factors for  
6 each month (.1184 and .1214 respectively) based on PEC's estimated total system  
7 kWh sales and the S.C. retail kWh sales. This created a difference of \$4,152  
8 between ORS's and PEC's cumulative over (under)-recovery balance through  
9 June 2012. Therefore, ORS shows an (under)-recovery adjustment of (\$4,152) in  
10 June 2012. This adjustment is solely for exhibit purposes and serves only to  
11 reconcile ORS Audit Exhibit RAL-5's and Barkley Exhibit No. 7's cumulative  
12 over-recovery balance as of June 2012.

13 **Q. WOULD YOU PLEASE EXPLAIN THE CUMULATIVE OVER (UNDER)-**  
14 **RECOVERY BALANCE BROUGHT FORWARD IN AUDIT EXHIBIT**  
15 **RAL-7?**

16 **A.** Yes. As detailed in Audit Exhibit RAL-7, ORS brought forward a  
17 cumulative over-recovery balance from February 2011 of \$99,386. The  
18 Company's testimony does not actually show a balance brought forward.  
19 However, it does reflect a cumulative over-recovery balance of \$91,498 through  
20 March 2011 in Barkley Exhibit No. 8, which already includes the aforementioned  
21 ORS balance brought forward from February 2011.

1 **Q. PLEASE ELABORATE ON ORS AUDIT STAFF'S COMPUTATION OF**  
2 **THE TRUE-UP OF OVER (UNDER)-RECOVERED ENVIRONMENTAL**  
3 **COSTS.**

4 **A.** ORS Audit Exhibit RAL-7 provides details of ORS's calculation of the  
5 actual cumulative over-recovery balance through February 2012, and the  
6 estimated balance through June 2012. The cumulative over-recovery amount as of  
7 February 2012 totaled \$367,391. ORS then added estimated over-recoveries of  
8 \$41,895 for March 2012, \$20,762 for April 2012, \$9,936 for May 2012, \$39,555  
9 for June 2012, and an ORS over-recovery adjustment of \$55 to arrive at a  
10 cumulative over-recovery balance of \$479,594 through June 2012. The  
11 Company's testimony (Barkley Exhibit No. 8) in this docket reports the  
12 cumulative over-recovery total through February 2012 as \$367,387 and through  
13 June 2012 (Barkley Exhibit No. 10), the cumulative over-recovery balance totals  
14 \$479,594. The ORS over-recovery adjustment of \$55 in June 2012 is addressed  
15 later in my testimony as Adjustment (7).

16 **Q. DID THE COMPANY MAKE ANY ADJUSTMENTS OR TRUE-UPS**  
17 **DURING THE ACTUAL REVIEW PERIOD FOR THE**  
18 **ENVIRONMENTAL COST COMPONENT?**

19 **A.** Yes. The Company made the following adjustments as shown on Audit  
20 Exhibit RAL-7:  
21 **Adjustments (5) and (6) –** In March 2011, the Company made an (under)-  
22 recovery adjustment of (\$34) and later reversed it in June 2011 as an over-

1            recovery adjustment of \$34. The net effect of the two adjustments equates to zero  
2            and has no impact on the cumulative over-recovery balance.

3    **Q.    DID ORS MAKE ANY ADJUSTMENTS OR TRUE-UPS DURING THE**  
4           **ACTUAL REVIEW PERIOD FOR THE ENVIRONMENTAL COST**  
5           **COMPONENT?**

6    **A.            Yes. ORS made the following adjustment:**

7           **Adjustment (7)** – As stated in Adjustment (3), PEC used a two month average  
8           S.C. allocation factor for the estimated months of May and June 2012. ORS  
9           recalculated the S.C. allocation factors for each month based on PEC's estimated  
10          total system kWh sales and S.C. retail kWh sales. This created a difference of \$55  
11          between ORS's and PEC's cumulative over-recovery balance through June 2012.  
12          Therefore, ORS shows an over-recovery adjustment of \$55 in June 2012. This  
13          adjustment is also solely for exhibit purposes and serves only to reconcile ORS  
14          Audit Exhibit RAL-7's and Barkley Exhibit No. 10's cumulative over-recovery  
15          balance as of June 2012.

16   **Q.    WHAT ARE THE COMBINED CUMULATIVE OVER (UNDER)-**  
17          **RECOVERIES OF THE BASE FUEL COST AND ENVIRONMENTAL**  
18          **COST COMPONENTS AS OF ACTUAL FEBRUARY 2012 AND AS OF**  
19          **ESTIMATED JUNE 2012?**

20   **A.            As of February 2012, based on a base fuel cost component cumulative**  
21          over-recovery balance of \$5,559,522 and an environmental cost component  
22          cumulative over-recovery balance of \$367,391, the combined result totals  
23          \$5,926,913.

1 As of June 2012, based on a base fuel cost component cumulative over-  
2 recovery balance of \$7,027,446 and an environmental cost component cumulative  
3 over-recovery balance of \$479,594, the combined result totals an over-recovery of  
4 \$7,507,040.

5 **Q. WHAT IS THE RESULT OF THE ORS'S EXAMINATION?**

6 **A.** Based on ORS Audit Staff's examination of the Company's books and  
7 records, and its operation of the fuel cost recovery mechanism, it is ORS's  
8 opinion the Company's books and records accurately reflect the fuel costs  
9 incurred by the Company in accordance with previous Commission orders and  
10 with S.C. Code Ann. §58-27-865 (Supp. 2011).

11 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

12 **A.** Yes, it does.

Progress Energy Carolinas, Inc.  
Coal Cost Statistics  
March 2011 - February 2012  
Docket No. 2012-1-E

(1)	(2)	(3)	(4)	(5)	
SPOT					
<u>Month</u>	<u>Tons Received</u>	<u>Percentage of Total Tons Received</u>	<u>Cost/Tons Received</u>	<u>Total Received Cost</u>	<u>\$/MBTU</u>
	Tons	%	\$	\$	\$
Mar-11	115,070	10.82%	69.19	7,961,584	2.8814
Apr-11	100,146	9.47%	76.27	7,638,525	3.2098
May-11	127,436	11.76%	65.18	8,306,462	2.7941
Jun-11	34,447	3.92%	68.78	2,369,344	2.9088
Jul-11	33,959	4.41%	98.72	3,352,373	4.0897
Aug-11	54,139	4.99%	91.73	4,966,249	3.6093
Sep-11	36,681	4.10%	87.02	3,191,961	3.6143
Oct-11	25,515	2.87%	111.71	2,850,226	4.5850
Nov-11	0.00	0.00%	0.00	(1,395)	0.0000
Dec-11	25,423	4.22%	108.50	2,758,362	4.4327
Jan-12	0.00	0.00%	0.00	1,971	0.0000
Feb-12	0.00	0.00%	0.00	0.00	0.0000
Total	552,816			43,395,662	

CONTRACT					
<u>Month</u>	<u>Tons Received</u>	<u>Percentage of</u> <u>Total Tons Received</u>	<u>Cost/Tons</u> <u>Received</u>	<u>Total</u> <u>Received Cost</u>	<u>\$/MBTU</u>
	Tons	%	\$	\$	\$
Mar-11	948,825	89.18%	93.23	88,457,656	3.8171
Apr-11	957,683	90.53%	88.47	84,729,016	3.6632
May-11	955,868	88.24%	87.79	83,917,303	3.6328
Jun-11	845,413	96.08%	89.72	75,846,617	3.6960
Jul-11	735,454	95.59%	97.04	71,370,352	4.0205
Aug-11	1,030,275	95.01%	89.55	92,263,546	3.6972
Sep-11	857,378	95.90%	89.08	76,375,201	3.7208
Oct-11	865,002	97.13%	91.33	78,997,015	3.7491
Nov-11	479,295	100.00%	93.11	44,628,719	3.8410
Dec-11	576,832	95.78%	89.18	51,439,204	3.8139
Jan-12	671,100	100.00%	93.93	63,037,550	3.8349
Feb-12	825,858	100.00%	97.66	80,653,395	3.9985
Total	<u>9,748,983</u>			<u>891,715,574</u>	

Progress Energy Carolinas, Inc.  
Coal Cost Statistics  
March 2011 - February 2012  
Docket No. 2012-1-E

	(1)	(2)	(3)	(4)	(5)
	COMBINED				
<u>Month</u>	<u>Tons Received</u>	<u>Percentage of</u> <u>Total Tons Received</u>	<u>Cost/Tons</u> <u>Received</u>	<u>Total</u> <u>Received Cost</u>	<u>\$/MBTU</u>
	Tons	%	\$	\$	\$
Mar-11	1,063,895	100.00%	90.63	96,419,240	3.7235
Apr-11	1,057,829	100.00%	87.32	92,367,541	3.6140
May-11	1,083,304	100.00%	85.13	92,223,765	3.5371
Jun-11	879,860	100.00%	88.90	78,215,961	3.6660
Jul-11	769,413	100.00%	97.12	74,722,725	4.0236
Aug-11	1,084,414	100.00%	89.66	97,229,795	3.6926
Sep-11	894,059	100.00%	89.00	79,567,162	3.7095
Oct-11	890,517	100.00%	91.91	81,847,241	3.7730
Nov-11	479,295	100.00%	93.11	44,627,324	3.8410
Dec-11	602,255	100.00%	89.99	54,197,566	3.8412
Jan-12	671,100	100.00%	93.93	63,039,521	3.8349
Feb-12	825,858	100.00%	97.66	80,653,395	3.9985
Total	<u>10,301,799</u>			<u>935,111,236</u>	

Total Received Cost = \$ 935,111,236 = \$ 90.77 (Weighted Average Cost of Coal)  
Total Tons Received = 10,301,799



Progress Energy Carolinas, Inc.  
Received Coal - Cost Per Ton (Per Plant)  
March 2011 - February 2012  
Docket No. 2012-1-E

Plant	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asheville	81.73	91.44	87.88	86.07	88.20	92.71	90.55	90.22	90.29	90.97	95.40	94.63
Cape Fear	72.17	87.89	87.16	85.44	104.89	93.23	84.14	90.46	0.00	9.15	0.00	0.00
Lee	79.51	91.10	87.00	87.83	99.13	89.89	88.10	82.24	0.00	83.93	0.00	0.00
Mayo	98.59	85.07	88.55	87.85	95.83	92.27	90.63	88.65	92.58	88.05	91.17	95.34
Robinson	118.84	104.14	107.11	115.18	113.60	0.00	0.00	0.00	0.00	118.20	0.00	0.00
Roxboro	91.96	82.99	83.24	81.31	89.17	86.56	85.71	90.39	89.16	88.99	90.23	90.17
Sutton	98.03	109.44	104.64	119.81	118.92	111.26	114.13	113.38	114.96	112.39	127.37	206.64
Weatherspoon	-1.67	0.00	123.10	145.46	0.00	131.87	0.54	0.00	0.00	0.00	0.00	0.00
System Total	90.63	87.32	85.13	88.90	97.12	89.66	89.00	91.91	93.11	89.99	93.93	97.66

Audit Exhibit RAL-2

**Progress Energy Carolinas, Inc.**  
**Received Coal - Cost Per Ton Comparison**  
**March 2011 - February 2012**  
**Docket No. 2012-1-E**

**Progress Energy Carolinas, Inc.**

<b><u>Month</u></b>	<b><u>Invoice Cost</u></b> <b><u>Per Ton</u></b>	<b><u>Freight Cost</u></b> <b><u>Per Ton</u></b>	<b><u>Total Cost</u></b> <b><u>Per Ton</u></b>	<b><u>Cost</u></b> <b><u>Per MBTU</u></b>
	\$	\$	\$	\$
Mar-11	63.84	26.79	90.63	3.7235
Apr-11	61.46	25.86	87.32	3.6140
May-11	59.25	25.88	85.13	3.5371
Jun-11	60.69	28.21	88.90	3.6660
Jul-11	65.02	32.10	97.12	4.0236
Aug-11	63.48	26.18	89.66	3.6926
Sep-11	61.74	27.26	89.00	3.7095
Oct-11	64.97	26.94	91.91	3.7730
Nov-11	62.09	31.02	93.11	3.8410
Dec-11	61.45	28.54	89.99	3.8412
Jan-12	66.69	27.24	93.93	3.8349
Feb-12	65.24	32.42	97.66	3.9985

**Duke Energy Carolinas**

<b><u>Month</u></b>	<b><u>Invoice Cost</u></b> <b><u>Per Ton</u></b>	<b><u>Freight Cost</u></b> <b><u>Per Ton</u></b>	<b><u>Total Cost</u></b> <b><u>Per Ton</u></b>	<b><u>Cost</u></b> <b><u>Per MBTU</u></b>
	\$	\$	\$	\$
Mar-11	68.34	26.72	95.06	3.9011
Apr-11	65.70	26.62	92.32	3.8077
May-11	66.86	26.88	93.74	3.8626
Jun-11	65.38	28.73	94.11	3.8625
Jul-11	65.43	28.54	93.97	3.8566
Aug-11	68.41	27.14	95.55	3.9197
Sep-11	67.79	28.66	96.45	3.9403
Oct-11	67.43	28.17	95.60	3.9037
Nov-11	67.75	28.58	96.33	3.8614
Dec-11	69.75	26.42	96.17	3.9392
Jan-12	68.23	28.16	96.39	3.9188
Feb-12	69.62	28.60	98.22	4.0181

Progress Energy Carolinas, Inc.  
Received Coal - Cost Per Ton Comparison  
March 2011 - February 2012  
Docket No. 2012-1-E

South Carolina Electric & Gas Company

<u>Month</u>	<u>Invoice Cost</u> <u>Per Ton</u>	<u>Freight Cost</u> <u>Per Ton</u>	<u>Total Cost</u> <u>Per Ton</u>	<u>Cost</u> <u>Per MBTU</u>
	\$	\$	\$	\$
Mar-11	79.00	34.00	113.00	4.4800
Apr-11	76.35	32.25	108.60	4.3400
May-11	78.02	31.84	109.86	4.3600
Jun-11	75.14	34.60	109.74	4.3500
Jul-11	76.52	33.11	109.63	4.3600
Aug-11	81.09	33.45	114.54	4.5600
Sep-11	79.56	32.94	112.50	4.4600
Oct-11	79.74	32.60	112.34	4.4800
Nov-11	78.91	32.74	111.65	4.4600
Dec-11	80.30	32.80	113.10	4.5200
Jan-12	78.09	32.11	110.20	4.3700
Feb-12	77.83	32.75	110.58	4.3600

Progress Energy Carolinas, Inc.  
Total Burned Cost (Fossil and Nuclear)  
March 2011 - February 2012  
Docket No. 2012-1-E

## Used for Base Fuel Factor:

Month	Coal		Oil		Natural Gas		Nuclear Fuel		Total Burned Cost	
	\$	%	\$	%	\$	%	\$	%	\$	%
Mar-11	66,729,426	67.14%	1,489,587	1.50%	19,552,603	19.67%	11,616,900	11.69%	99,388,516	
Apr-11	61,009,530	66.83%	1,147,331	1.26%	17,061,965	18.69%	12,074,027	13.22%	91,292,853	
May-11	54,721,865	52.00%	2,079,999	1.98%	34,118,532	32.42%	14,317,850	13.60%	105,238,246	
Jun-11	83,283,281	58.22%	3,281,070	2.29%	42,237,385	29.53%	14,246,942	9.96%	143,048,678	
Jul-11	88,993,695	57.55%	1,440,957	0.93%	50,069,845	32.38%	14,124,854	9.14%	154,629,351	
Aug-11	86,105,858	59.19%	1,399,840	0.96%	43,925,066	30.20%	14,037,380	9.65%	145,468,144	
Sep-11	62,778,747	57.75%	1,642,375	1.51%	31,030,710	28.55%	13,250,856	12.19%	108,702,688	
Oct-11	39,730,456	47.65%	1,185,985	1.42%	28,253,117	33.88%	14,218,486	17.05%	83,388,044	
Nov-11	55,919,935	55.81%	1,897,352	1.90%	31,653,367	31.59%	10,722,453	10.70%	100,193,107	
Dec-11	52,049,479	53.31%	2,027,241	2.08%	29,703,277	30.43%	13,847,354	14.18%	97,627,351	
Jan-12	67,577,581	57.92%	5,941,189	5.09%	30,357,691	26.02%	12,792,136	10.97%	116,668,597	
Feb-12	66,149,133	57.97%	3,414,514	2.99%	35,167,259	30.82%	9,377,613	8.22%	114,108,519	
TOTALS	785,048,986	57.74%	26,947,440	1.98%	393,130,817	28.91%	154,626,851	11.37%	1,359,754,094	

Progress Energy Carolinas, Inc.  
South Carolina Fuel Cost Computation  
March 2011 - June 2012  
Docket No. 2012-1-E

	ACTUAL							
	March 2011	April 2011	May 2011	June 2011	July 2011	August 2011	September 2011	October 2011
Fossil Fuel	\$ 87,771,616	\$ 79,218,826	\$ 90,920,396	\$ 128,801,736	\$ 140,504,497	\$ 131,430,764	\$ 95,451,832	\$ 69,169,558
Nuclear Fuel	\$ 11,616,900	\$ 12,074,027	\$ 14,317,850	\$ 14,246,942	\$ 14,124,854	\$ 14,037,380	\$ 13,250,856	\$ 14,218,486
Purchased & Interchange Power	\$ 15,743,094	\$ 16,139,046	\$ 20,390,370	\$ 23,177,751	\$ 30,243,513	\$ 27,151,265	\$ 22,541,072	\$ 13,630,509
Sub-Total	\$ 115,131,610	\$ 107,431,899	\$ 125,628,616	\$ 166,226,429	\$ 184,872,864	\$ 172,619,409	\$ 131,243,760	\$ 97,018,553
Less: Intersystem Sales	\$ 6,281,285	\$ 4,626,088	\$ 5,986,196	\$ 12,222,768	\$ 14,499,494	\$ 11,858,774	\$ 8,026,791	\$ 4,912,320
Total Fuel Costs	\$ 108,850,325	\$ 102,805,811	\$ 119,642,420	\$ 154,003,661	\$ 170,373,370	\$ 160,760,635	\$ 123,216,969	\$ 92,106,233
Total System kWh Sales Excluding Intersystem Sales	3,994,404,821	3,769,076,894	3,913,731,740	4,946,731,584	5,008,889,151	5,366,065,721	4,628,891,901	4,035,047,820
S.C. kWh Sales	437,672,999	460,798,163	498,654,087	555,313,219	585,769,521	637,617,833	516,594,988	518,257,546
S.C. Allocation Factor	0.1096	0.1223	0.1274	0.1123	0.1169	0.1188	0.1116	0.1284
S.C. Retail Basis of Total Fuel Costs	\$ 11,929,996	\$ 12,573,151	\$ 15,242,444	\$ 17,294,611	\$ 19,916,647	\$ 19,098,363	\$ 13,751,014	\$ 11,826,440
Amount Billed to S.C. Customers	\$ 11,918,068	\$ 12,546,893	\$ 13,576,010	\$ 15,177,542	\$ 17,812,314	\$ 19,390,563	\$ 15,709,029	\$ 15,759,029
Deferred Fuel Entry	\$ (11,928)	\$ (26,258)	\$ (1,666,434)	\$ (2,117,069)	\$ (2,104,333)	\$ 292,200	\$ 1,958,015	\$ 3,932,589
Cumulative Over/(Under) Recovery- Prior Month	\$ (10,418,111)	\$ (10,430,039)	\$ (10,456,297)	\$ (12,122,731)	\$ (14,239,800)	\$ (16,344,133)	\$ (16,051,933)	\$ (4,093,918)
Company's Accounting Adjustments						\$ (16,344,133)	\$ 10,000,000 (1)	
Cumulative Over/(Under) Recovery	\$ (10,430,039)	\$ (10,456,297)	\$ (12,122,731)	\$ (14,239,800)	\$ (16,344,133)	\$ (16,051,933)	\$ (4,093,918)	\$ (161,329)

Note (1) - S.C. Allocation Factor= S.C. Retail Sales / Total System Sales

Progress Energy Carolinas, Inc.  
South Carolina Fuel Cost Computation  
March 2011 - June 2012  
Docket No. 2012-1-E

	ACTUAL			ESTIMATED				
	November 2011	December 2011	January 2012	February 2012	March 2012	April 2012	May 2012	June 2012
Fossil Fuel	\$ 89,470,654	\$ 83,779,997	\$ 103,876,461	\$ 104,730,906	\$ 98,637,938	\$ 87,451,078	\$ 94,446,801	\$ 111,522,137
Nuclear Fuel	\$ 10,722,453	\$ 13,847,354	\$ 12,792,136	\$ 9,377,613	\$ 8,304,837	\$ 9,864,715	\$ 11,057,328	\$ 14,845,001
Purchased & Interchange Power	\$ 19,121,523	\$ 15,919,375	\$ 15,325,359	\$ 13,543,938	\$ 22,234,212	\$ 19,611,682	\$ 17,532,685	\$ 19,305,270
Sub-Total	\$ 119,314,630	\$ 113,546,726	\$ 131,993,956	\$ 127,652,457	\$ 129,176,987	\$ 116,927,475	\$ 123,036,814	\$ 145,672,408
Less: Intersystem Sales	\$ 6,513,430	\$ 5,953,031	\$ 4,691,994	\$ 5,287,096	\$ 7,923,318	\$ 9,707,394	\$ 8,908,429	\$ 11,100,226
Total Fuel Costs	\$ 112,801,200	\$ 107,593,695	\$ 127,301,962	\$ 122,365,361	\$ 121,253,669	\$ 107,220,081	\$ 114,128,385	\$ 134,572,182
Total System kWh Sales Excluding Intersystem Sales	3,814,250,787	4,146,804,450	4,561,800,061	4,235,338,555	3,840,900,637	3,831,660,908	3,848,768,559	4,515,593,130
S.C. kWh Sales	446,482,874	440,799,340	553,900,218	491,933,620	396,639,808	514,387,618	455,676,246	548,325,595
S.C. Allocation Factor	0.1171	0.1063	0.1214	0.1161	0.1033	0.1342	0.1184	0.1214
S.C. Retail Basis of Total Fuel Costs	\$ 13,209,021	\$ 11,437,210	\$ 15,454,458	\$ 14,206,618	\$ 12,525,504	\$ 14,388,935	\$ 13,512,801	\$ 16,337,063
Amount Billed to S.C. Customers	\$ 13,579,052	\$ 13,406,939	\$ 16,846,957	\$ 14,962,554	\$ 12,063,157	\$ 15,641,526	\$ 13,857,115	\$ 16,674,581
Deferred Fuel Entry	\$ 370,031	\$ 1,969,729	\$ 1,392,499	\$ 755,936	\$ (462,347)	\$ 1,252,591	\$ 344,314	\$ 337,518
Cumulative Over/(Under) Recovery- Prior Month	\$ (161,329)	\$ 208,702	\$ 2,178,431	\$ 3,570,930	\$ 5,559,522	\$ 5,097,175	\$ 6,349,766	\$ 6,694,080
Company's Accounting Adjustments				\$ 2,137	(2)			
ORS Accounting Adjustments				\$ 1,230,519	(3)			
								\$ (4,152)
Cumulative Over/(Under) Recovery	\$ 208,702	\$ 2,178,431	\$ 3,570,930	\$ 5,559,522	\$ 5,097,175	\$ 6,349,766	\$ 6,694,080	\$ 7,027,446

Note (1) - S.C. Allocation Factor= S.C. Retail Sales / Total System Sales

Cumulative Over/(Under) Base Fuel Component (per Audit Exhibit RAL-5)	\$ 5,559,522	\$ 7,027,446
Cumulative Over/(Under) Environmental Component (per Audit Exhibit RAL-7)	\$ 367,391	\$ 479,594
Net Cumulative Base Fuel and Environmental Components Over/(Under)- Recovery Balances	\$ 5,926,913	\$ 7,507,040

Progress Energy Carolinas, Inc.  
 Total Environmental Costs  
 March 2011 - February 2012  
 Docket No. 2012-1-E

Used for Environmental Cost Factor:

<u>Month</u>	<u>SO<sub>2</sub> &amp; NO<sub>x</sub></u>		<u>Ammonia &amp; Urea</u>		<u>Limestone</u>		<u>Total</u>	
	<u>Emission Allowances</u>						<u>Environmental</u>	<u>Costs</u>
	\$	%	\$	%	\$	%	\$	\$
Mar-11	368,919	24.20%	583,061	38.24%	572,663	37.56%	1,524,643	
Apr-11	256,227	18.06%	572,403	40.36%	589,673	41.58%	1,418,303	
May-11	234,450	16.22%	592,803	41.03%	617,698	42.75%	1,444,951	
Jun-11	449,283	21.87%	775,054	37.73%	829,800	40.40%	2,054,137	
Jul-11	463,712	19.01%	911,171	37.34%	1,064,994	43.65%	2,439,877	
Aug-11	421,585	19.30%	804,415	36.83%	958,180	43.87%	2,184,180	
Sep-11	274,752	14.91%	687,867	37.34%	879,587	47.75%	1,842,206	
Oct-11	141,950	14.46%	390,476	39.78%	449,213	45.76%	981,639	
Nov-11	232,337	17.28%	456,049	33.92%	656,019	48.80%	1,344,405	
Dec-11	141,199	9.51%	610,629	41.13%	732,891	49.36%	1,484,719	
Jan-12	116,026	6.93%	712,366	42.52%	846,942	50.55%	1,675,334	
Feb-12	120,472	5.79%	693,979	33.33%	1,267,496	60.88%	2,081,947	
Totals	\$ 3,220,912	15.73%	\$ 7,790,273	38.05%	\$ 9,465,156	46.22%	\$ 20,476,341	

Progress Energy Carolinas, Inc.  
Details of Environmental Costs  
March 2011 - June 2012  
Docket No. 2012-1-E

	Actual							
	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11
SO <sub>2</sub> & NO <sub>x</sub> Emission Allowances	\$ 368,919	\$ 256,227	\$ 234,450	\$ 449,283	\$ 463,712	\$ 421,585	\$ 274,752	\$ 141,950
Ammonia & Urea	\$ 583,061	\$ 572,403	\$ 592,803	\$ 775,054	\$ 911,171	\$ 804,415	\$ 687,867	\$ 390,476
Limestone	\$ 572,663	\$ 589,673	\$ 617,698	\$ 829,800	\$ 1,064,994	\$ 958,180	\$ 879,587	\$ 449,213
Sub-Total	\$ 1,524,643	\$ 1,418,303	\$ 1,444,951	\$ 2,054,137	\$ 2,439,877	\$ 2,184,180	\$ 1,842,206	\$ 981,639
Less: Intersystem Sales	\$ 3,008	\$ 4,419	\$ 17,188	\$ 32,430	\$ 30,094	\$ 16,537	\$ 7,341	\$ 475
Total Environmental Cost	\$ 1,521,635	\$ 1,413,884	\$ 1,427,763	\$ 2,021,707	\$ 2,409,783	\$ 2,167,643	\$ 1,834,865	\$ 981,164
S.C. Retail kWh Sales	437,672,999	460,798,163	498,654,087	555,313,219	585,769,521	637,617,833	516,594,988	518,257,546
Total System kWh Sales Excluding Intersystem Sales	3,994,404,821	3,769,076,894	3,913,731,740	4,946,731,584	5,008,889,151	5,366,065,721	4,628,891,901	4,035,047,820
S.C. Allocation Factor	Note (2) 0.1096	0.1223	0.1274	0.1123	0.1169	0.1188	0.1116	0.1284
S.C. Retail Basis of Total Environmental Costs	\$ 166,771	\$ 172,918	\$ 181,897	\$ 227,038	\$ 281,704	\$ 257,516	\$ 204,771	\$ 125,981
Amount Billed to S.C. Customers	\$ 158,922	\$ 148,268	\$ 146,065	\$ 188,074	\$ 278,237	\$ 288,936	\$ 257,996	\$ 216,437
Over/(Under) Recovery	\$ (7,849)	\$ (24,650)	\$ (35,832)	\$ (38,964)	\$ (3,467)	\$ 31,420	\$ 53,225	\$ 90,456
Cumulative Over/(Under) Recovery - Prior Month	\$ 99,386	\$ 91,503	\$ 66,853	\$ 31,021	\$ (7,909)	\$ (11,376)	\$ 20,044	\$ 73,269
Company's Accounting Adjustments	\$ (34) (5)		\$	\$ 34 (6)				
Cumulative Over/(Under) Recovery	\$ 91,503	\$ 66,853	\$ 31,021	\$ (7,909)	\$ (11,376)	\$ 20,044	\$ 73,269	\$ 163,725

Note (2) - S.C. Allocation Factor = S.C. Retail Sales / Total System Sales



Progress Energy Carolinas, Inc.  
Details of Environmental Costs  
March 2011 - June 2012  
Docket No. 2012-1-E

	Actual				Estimated			
	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12
SO <sub>2</sub> & NO <sub>x</sub> Emission Allowances	\$ 232,337	\$ 141,199	\$ 116,026	\$ 120,472	\$ 134,945	\$ 127,184	\$ 111,510	\$ 165,078
Ammonia & Urea	\$ 456,049	\$ 610,629	\$ 712,366	\$ 693,979	\$ 732,977	\$ 603,768	\$ 631,926	\$ 721,444
Limestone	\$ 656,019	\$ 732,891	\$ 846,942	\$ 1,267,496	\$ 896,915	\$ 690,784	\$ 942,525	\$ 1,176,810
Sub-Total	\$ 1,344,405	\$ 1,484,719	\$ 1,675,334	\$ 2,081,947	\$ 1,764,837	\$ 1,421,736	\$ 1,685,961	\$ 2,063,332
Less: Intersystem Sales	\$ 4,312	\$ 527	\$ 5,062	\$ 17,043	\$ 26,640	\$ 40,366	\$ 48,543	\$ 45,487
Total Environmental Cost	\$ 1,340,093	\$ 1,484,192	\$ 1,670,272	\$ 2,064,904	\$ 1,738,197	\$ 1,381,370	\$ 1,637,418	\$ 2,017,845
S.C. Retail kWh Sales	446,482,874	440,799,340	553,900,218	491,933,620	396,639,808	514,387,618	455,676,246	548,325,595
Total System kWh Sales Excluding Intersystem Sales	3,814,250,787	4,146,804,450	4,561,800,061	4,235,338,555	3,840,900,637	3,831,660,908	3,848,268,559	4,515,593,130
S.C. Allocation Factor	Note (2)	0.1171	0.1063	0.1214	0.1033	0.1342	0.1184	0.1214
S.C. Retail Basis of Total Environmental Costs	\$ 156,925	\$ 157,770	\$ 202,771	\$ 239,735	\$ 179,556	\$ 185,380	\$ 193,870	\$ 244,966
Amount Billed to S.C. Customers	\$ 213,941	\$ 235,544	\$ 265,981	\$ 245,401	\$ 221,451	\$ 206,142	\$ 203,806	\$ 284,521
Over/(Under) Recovery	\$ 57,016	\$ 77,774	\$ 63,210	\$ 5,666	\$ 41,895	\$ 20,762	\$ 9,936	\$ 39,555
Cumulative Over/(Under) Recovery - Prior Month	\$ 163,725	\$ 220,741	\$ 298,515	\$ 361,725	\$ 367,391	\$ 409,286	\$ 430,048	\$ 439,984
ORS Accounting Adjustments							\$	\$ 55 (7)
Cumulative Over/(Under) Recovery	\$ 220,741	\$ 298,515	\$ 361,725	\$ 367,391	\$ 409,286	\$ 430,048	\$ 439,984	\$ 479,594

Note (2) - S.C. Allocation Factor = S.C. Retail Sales / Total System Sales